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# **United States Policy Toward the Pacific Islands**

**By**

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I am pleased and honored to be here tonight to deliver the Peter Tali Coleman Lecture. Beyond being a four-time governor of his native American Samoa, Peter Coleman also served as administrator of the Marshall and Mariana Islands, and Deputy High Commissioner of the Trust Territory of the Pacific Islands. His decades of service to both the United States and the peoples of the Pacific Islands should be a model for us all.

I am substituting for my boss, Jim Kelly, who had to travel to Beijing for the Six Party Talks. I definitely got the better end of the deal! Not only do I expect you to be an easier audience to work with than the North Koreans, but I get to talk about a much more upbeat subject: U.S. policy toward the Pacific. The relatively small size of the Pacific island countries and territories means that they are often overlooked when the pundits and policy wonks develop their grand strategic visions. But I am here to affirm that the Administration deeply appreciates the support it has received from the Pacific island region, not just in Iraq, but on all of the fundamental foreign policy issues of the day.

Year after year, when we face the most difficult votes in the U.N., we know we can count on the island countries to stand with us. When our sailors and ships need a chance to rest and refit, we know the Pacific island countries and territories offer a warm welcome and a safe harbor. And in times of war, sons and daughters of the Pacific are there in uniform, serving with our armed forces. No other region of the world provides this kind of support and I reiterate: it is deeply appreciated and I suggest that you ignore the ill-informed editorial commentary inside the Beltway that discounts the contribution of the Pacific countries. More than a few of you were present when President Bush met with fourteen island leaders at the Pacific Island Conference of leaders in Hawaii last October. President Bush and the Pacific leaders covered a variety of topics, but I want to focus on two in my presentation tonight: enhancing mutual security; and promoting economic and social development.

## **Enhancing Mutual Security**

In discussing security, we recognize that the island states and the United States at times have different priorities. But the overriding reality is each country in the region, and that includes the U.S., is mutually dependent upon the others for achieving its essential security needs. This follows from the interconnectedness of the U.S. and the Pacific island region. Ships and planes are constantly moving goods and peoples into and out of our harbors and airports. Less visibly, money, information, and communications are being exchanged as well. While all these movements are essential to our well-being, they also feature an element of risk: that they might be exploited by people who wish to do us harm. Managing that risk responsibly, while still facilitating the free movement of people, goods, and information, is a mutual obligation for everyone involved.

His Royal Highness Prince Lavaka Ata of Tonga, served as Chair of the Conference of Pacific Island Leaders and represented the islanders point of view. He observed that any country may be a target of terrorism and terrorists are likely to focus on soft targets. This point is well taken and the analysis is confirmed in the interrogation of captured terrorists from al Qaeda and, closer to

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home, Jamma Islamyiah. These organizations are not far in time or space from the Pacific. Jemmah Islamyiah can be found in Mindanao today in the areas associated with the Moro Islamic Liberation Front. It is an organization that has a strategic focus that transcends national boundaries and a timeframe that extends over not weeks and months, but decades.

In a world where we each have much to do, as a first step, the U.S. believes all countries should sign and implement the twelve U.N. conventions and protocols to combat counterterrorism. Passage of these conventions and protocols is essential to establish the international legal and political framework required to fight this transnational challenge.

In addition, governments must also refrain from measures that could provide unintended support to terrorist networks. In the past year, the U.S. has been concerned by passport sales schemes, or financial legislation that would weaken the safety and soundness standards governing banks and otherwise facilitate money laundering. We always had a concern about such activity, but the level of our concerns changed significantly on September 11, 2001. These activities must stop. We understand the interests behind the establishment of such programs, but they create serious, if unintended gaps in international security regimes that can and eventually will be exploited by terrorists. We welcome the fact that some countries have taken steps to close down questionable programs.

Let me turn to the war in Iraq. I noted earlier those inside the Beltway who sought to discount the significance of the Pacific islands contribution to the war. Well over 100 military personnel from Palau, the Marshalls, and Micronesia have served in Iraq. There probably are hundreds from American Samoa, Guam and the Marianas. Tonga, Fiji, and Papua New Guinea have offered troops for the stabilization forces. These countries and territories not only spoke up in support of U.S. policy toward Iraq, they put lives on the line. Islanders such as Specialist Bermanis of Micronesia have showed great courage, both in war and in recovery from injuries suffered in combat. We will not forget their sacrifices.

As we all know, the global security environment has evolved from the Cold War years. In order to adapt to this changing environment, the U.S. is undertaking a global force posture review. This exercise has attracted a lot of attention and speculation in the press, and some of those commenting on the process have jumped to unwarranted conclusions. We do have some guiding principles for the review that give an idea of the direction in which we are headed:

- We are not aiming at retrenchment or curtailing U.S. commitments.
- We are aiming to increase our ability to fulfill our international commitments more effectively.
- We are aiming to ensure that our alliances are capable, affordable, sustainable, and relevant into the future.
- We are not narrowly focused on force levels, but are addressing force capabilities.
- We are not talking about fighting in place, but moving to the fight.
- We are not talking only about creating new bases abroad, but enhancing our ability to move forces when and where needed.
- In some cases, we are acting now to re-deploy assets. B-52 bombers are returning to Guam after a long absence.

More broadly, the U.S. government is just beginning a series of in-depth consultations with our allies and friends around the world, including with the Pacific island region. It is going to be a long-range process that focuses not on the diplomatic issues of the moment, but on the strategic

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requirements and opportunities of the coming decades. Don't expect big changes to happen overnight and don't expect major new bases to be created in the neighborhood.

Beyond the classic security issues, we face relatively new challenges, such as HIV/AIDS, and debate on older questions, such as how best to protect the environment. We also recognize that security is intimately entwined with development. The challenge is that small, isolated island states face inherent difficulties from their sensitivity to internal and external pressures. Simply surviving could be the biggest security challenge of the future for some island nations that lack viable economic models or are unable to surmount internal challenges.

Responding to challenges such as HIV/AIDS, deforestation, stress on coral reefs, or over-fishing will be tough because success will demand a number of difficult tradeoffs: short-term gains versus sustainable long-term development; profits for special or local interests versus national welfare. In some cases it may involve the interest of one nation versus those of another, or of an entire region. However, the inhabitants of the Pacific island region need to tackle these issues for their own good and the good of future generations. The decisions need to be taken locally, but the U.S. is ready to assist with advice and, in some cases, funding. At future meetings such as this one, we may judge that the last Pacific Island Forum in New Zealand was a turning point at which the centrality of good governance was recognized while corrective steps could still be taken.

### **Promoting Economic and Social Development**

I would like to turn now to development. Some have suggested that since USAID closed its offices in the Pacific, there has been no U.S. support for regional development. Actually, the U.S. has continued to make a significant contribution, albeit in non-traditional ways.

First, the U.S. Peace Corps, a program that I think everyone in this room knows well. Currently, there are 325 Peace Corps volunteers working in seven countries in the Pacific island region and Americorps is present in the three U.S. Territories. The budget to support these activities currently exceeds \$8 million per year. Last year, Peace Corps re-established its program in Fiji. Peace Corps is considering resuming its program in the Republic of the Marshall Islands (RMI). We hope in coming years that Peace Corps will be able to expand to other countries.

But while volunteers are fine, what people usually want to know about is money, so let us talk dollars. Outside of the Compacts of Free Association, which I will get to a little later, the single largest U.S. financial contribution to the region is \$18 million we provide each year in the Economic Assistance Agreement associated with the *South Pacific Multilateral Fisheries Treaty*. Clearly, this is a mutually beneficial program. It gives U.S. fishermen access to resources that they otherwise would not be able to tap, but regional governments get a stable revenue stream during the life of the agreement, not subject to species migration or depletion. It also provides a solid foundation from which the U.S. and the Pacific island region can work together to address the challenges of sustainable fisheries conservation.

The U.S. also is making a major financial contribution to the international effort to protect coral reefs. The U.S. spends over \$20 million each year on programs that benefit coral reef ecosystems around the world, including in the Pacific. Another significant U.S. contribution is in the area of security cooperation. The amounts go up and down each year, influenced by various factors, but just as an example we have requested \$1.25 million in foreign military funding (FMF) for Fiji and Tonga in fiscal year 2005. These funds will allow the military of these countries to purchase military equipment, defense services and training to upgrade their forces. Given the international peacekeeping role that Fiji traditionally has played, and that Tonga is looking to play, we think this will be a valuable investment to expand their capabilities in this field. We also

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provide about \$800 thousand each year in international military education and training (IMET) to countries in the South Pacific.

Other notable U.S. financial contributions flow to the region through multilateral organizations. The U.S. provides about \$1 million a year to the Secretariat of the Pacific Community and about \$350 thousand a year to the South Pacific Regional Environmental Program (SPREP). We put several million dollars each year into regional educational and exchange programs, mostly through the East-West Center in Honolulu. I should also mention the Asian Development Bank (ADB) to which the U.S. is a major contributor. In 2001, the last year for which we have numbers, the ADB provided \$160 million in lending in the Pacific Island region.

The most significant bilateral funding goes, of course, to the territories and countries which share special relationships with the U.S.; that is, our Pacific island territories and the Freely Associated States. According to U.S. census data, in 2002 American Samoa received \$154 million in direct federal support. The Mariana Islands received \$102 million and Guam received \$1.1 billion. According to the same data, the Marshall Islands received \$203 million, Micronesia received \$140 million and Palau received \$42 million. The Freely Associated States receive the highest level of U.S. assistance per capita of any foreign countries.

Looking ahead, we expect U.S. assistance to the region will grow in the coming years. We are very close to launching a new bilateral assistance program called the Pacific Island Fund. This program will provide our Ambassadors in the region with funds under their direct control that they can assist worthy development projects in their host countries. The first grants should be in the hands of the recipients soon. If this program, which we view as a pilot effort, yields good results in this first round, we hope to be able to extend and expand it in future years.

On a larger scale, you have probably heard of the Millennium Challenge Account (MCA). Congress has approved initial funding of \$1 billion for the MCA and we have requested \$2.5 billion for fiscal year 2005. We will seek further increases to a level of \$5 billion by fiscal year 2006. The independent corporation that will manage the MCA recently released a list of sixty-three candidate countries that will be eligible to compete for this funding this year. Five of the sixty-three are from the Pacific island region and we expect another five will be eligible to compete in fiscal year 2006, when the per capita income cutoff level rises from \$1,415 to \$2,975. But I want to be careful not to raise unwarranted hopes.

The legislation enacting the MCA establishes a very strict set of qualification criteria, based on the principle that development must come primarily from within countries, not from outside. In order to qualify for MCA funding, countries must exhibit strong performance in three areas. They must:

- Govern justly,
- Invest in their people, and;
- Encourage economic freedom.

The MCA Corporation currently is developing a methodology for assessing performance in these areas that will be based on rigorous, publicly available indicators for just governance, human development and economic freedom.

### **The Compacts of Free Association**

I would like, at this point, to turn to The Compacts of Free Association. As I am sure everyone in this room is aware, we completed negotiations on amendments to the Compacts with the Marshall Islands and Micronesia late last year. Palau is on a different cycle. The U.S. Congress has passed the amendments and the President signed them into law on December 17, 2003. We

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are waiting for the RMI and National Government of the Federated States of Micronesia (FSM) to complete their parts of the approval process and we are confident that this will happen soon.

The Compact negotiations covered a wide range of issues, including some that were not envisioned in the original Compact language. It is useful to review some of them here, because they are relevant to U.S. policy toward the wider Pacific region.

One of the most difficult issues was travel and immigration. At no time in the negotiations did the U.S. seek to limit the existing privileges of RMI and FSM citizens to travel to the U.S. without a visa as non-immigrants. However, following the September 11, 2001 attack, and in response to the growing threat from international terrorism, we have made necessary improvements to border security that affect all travelers to the U.S. Also, there were concerns over the growing number of adoptions of island children by U.S. citizens, which in many cases were happening without sufficient attention to the rights of the adopted child and its natural parents. And finally, there were concerns about the situation of some island workers in the U.S., who may have been lured to the States with false promises about their wages and working conditions.

Another priority issue in our negotiations was accountability. Congress, through its investigative arm the General Accounting Office (GAO), had expressed grave concerns about the use of some of the U.S. funding provided under the compact. In looking at the problem, we concluded that we needed to work with the RMI and FSM government to improve our monitoring mechanisms and strengthen the planning and management of development activities. Long term, we saw that better accountability was essential to our goal of helping the RMI and the FSM get fully on the path to self-sustainable development. As with the migration issues, we were able to develop mutually agreeable mechanisms to address these problems.

## **Conclusion**

Allow me to preface my conclusion by stating an obvious point: It is not always possible, or appropriate, to generalize about the Pacific. More than most parts of the world, the Pacific island region is characterized by a diversity of peoples, governments, and societies. But there is one constant in U.S. policy toward the Pacific and it forms the foundation for our approach to the region: we are a part of the neighborhood and we will try to be good neighbors.